AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003-04 REGULAR SESSION

ASSEMBLY BILL

No. 1642

Introduced by Assembly Members Ridley-Thomas and Wesson

February 21, 2003

An act to amend Sections 15372.200, 15372.201, 15372.202, 15372.203, 15372.204, 15372.205, 15372.206, 15372.207, 15372.210, 15372.213, 15372.214, 15372.216, 15372.217, 15372.218, and 15372.219 of, and to repeal Section 15372.209 of, the Government An act to repeal and add Article 10 (commencing with Section 15372.200) of Chapter 2.2 of Part 6.7 of Division 3 of Title 2 of the Government Code, relating to tourism.

LEGISLATIVE COUNSEL'S DIGEST

AB 1642, as amended, Ridley-Thomas. Tourism: Los Angeles County Tourism—Marketing Commission Advisory Committee and Marketing Plan.

Existing law sets forth the duties of the Office of Tourism in the Technology, Trade, and Commerce Agency in promoting tourism in the state.

Existing law requires the Los Angeles County Board of Supervisors to appoint the Los Angeles County Tourism Selection Committee, which performs various duties in the formation of the Los Angeles County Tourism Marketing Commission, a nonprofit corporation under the direction of a board of commissioners elected by industry referendum or appointed according to specified criteria. Existing law sets forth the duties of the county commission in the promotion of tourism to and within the County of Los Angeles and sets forth the

AB 1642 — 2 —

procedures for the industry referenda, and for the determination of assessments, penalties, and fines on identified businesses. The Los Angeles County Treasurer/Tax Collector is required to perform various activities in connection with the levying and collection of the assessments, penalties, and fines, upon recommendation by the county commission, and approval by the board of supervisors. The county commission is required to annually develop and adopt the Los Angeles County Marketing Plan, and to contract with the Los Angeles Convention and Visitors Bureau to serve as its administrative contractor in promoting, implementing, and administering the plan. It is a misdemeanor for a person to provide false information concerning an assessment.

This bill would revise and recast repeal these provisions to, among other things, refer to the county selection committee and county commission as the selection committee and tourism commission. respectively, increase the membership of the commission, and revise the terms of the members of the commission. The bill would also require the first referendum to be conducted in a manner to be determined by the selection committee. It would also revise the procedure for the referendum to terminate the tourism commission and require the commission to collect all assessments and authorize the Los Angeles County Board of Supervisors to appoint the Los Angeles County Tourism Advisory Committee and require the committee to perform prescribed duties regarding the development of a report and recommendations relating to assessments on local businesses to support travel and tourism. It would authorize the board of supervisors to establish a tourism marketing district and to assess specified businesses within the district for tourism promotion purposes.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 15372.200 of the Government Code is
SECTION 1. Article 10 (commencing with Section
15372.200) of Chapter 2.2 of Part 6.7 of Division 3 of Title 2 of the
Government Code is repealed.
SEC. 2. Article 10 (commencing with Section 15372.200) is
added to Chapter 2.2 of Part 6.7 of Division 3 of Title 2 of the
Government Code, to read:

__ 3 __ AB 1642

Article 10. Los Angeles County Tourism Marketing District

- 15372.200. (a) The Legislature finds and declares all of the following:
- (1) Tourism is the second largest economic activity, and the tourism industry is one of the largest employers within the County of Los Angeles.
- (2) Tourism within Los Angeles County generates the greatest volume of travel spending of any county within California.
- (3) Because of the size and significant economic impact of tourism within the County of Los Angeles upon the economy of the state, and due to many independent factors, including terrorism, natural disasters, and crime, that have adversely affected tourism in the county, it is necessary to empower the tourism industry within the County of Los Angeles to create a governance structure in order to foster marketing efforts directed at specifically attracting tourists to the county.
- (b) Recognizing the importance of enabling the private-sector tourism industry within the County of Los Angeles to fund tourism marketing efforts, this article shall authorize the formation of the Los Angeles County Tourism Advisory Committee to be appointed by the Los Angeles County Board of Supervisors, as set forth in this article.
- 15372.201. The purpose of this article is to authorize, upon the adoption of a resolution by the Los Angeles County Board of Supervisors, assessments on businesses within a tourism marketing district and to provide a uniform tourism promotion and marketing plan to attract tourist visits to areas where tourism is economically important and desired and thereby provide benefits to the economy of a tourism marketing district.
- 15372.202. For the purposes of this article, the following definitions shall apply:
- (a) "Activities" means the preparation, promotion, implementation, and administration of the Los Angeles County Tourism Marketing Plan.
- (b) "Assessment" means a levy for the purpose of financing the preparation, promotion, implementation, and administration of a tourism marketing plan that will benefit the businesses located and operating within a tourism marketing district.

AB 1642 — 4 —

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36 37 (c) "Board of supervisors" means the Board of Supervisors of the County of Los Angeles.

- (d) "Destination marketing organization" means any organization within the County of Los Angeles that promotes travel to a municipality within the county, including a "convention and visitors bureau," "visitors bureau," or "tourism bureau."
- (e) "District" means the Los Angeles County Tourism Marketing District established pursuant to this article.
- (f) "Industry coalition" means a body of destination marketing organizations and travel and tourism businesses within Los Angeles County organized for the purposes of this article and recognized by the advisory committee as representative of county destinations and tourism businesses.
- (g) "Industry category" means the classifications within the tourism industry designated as follows:
 - (1) Accommodations.
 - (2) Restaurants and retail.
 - (3) Attractions and recreation.
 - (4) Transportation and travel services.
- (h) "Tourism advisory committee" means the Los Angeles County Tourism Advisory Committee described in Section 15372.203.
- 15372.203. (a) The Los Angeles County Board of Supervisors may appoint the Los Angeles County Tourism Advisory Committee to consist of persons, or principals of entities, from within the industry categories that are to be assessed, based upon recommendations from established industry associations and destination marketing organizations within Los Angeles County.
- (b) The advisory committee shall consist of 24 representatives, with no fewer than three from each industry category. The advisory committee shall appoint a chair and any other officers it deems advisable.
- (c) The advisory committee shall convene within 150 days after the effective date of this article. Not later than 150 days following the initial convening of the committee, the committee shall issue a report and recommendations listing the following:
- 38 (1) Percentage of funds to be levied against each industry 39 category and segment. To the extent possible, the percentages shall 40 be based upon quantifiable industry data. Funds to be levied

5 AB 1642

against businesses shall bear an appropriate relationship to the benefit derived from travel and tourism by those businesses.

- (2) Assessment methodology and rate of assessment within each industry segment, that may include, but not be limited to, a percentage of gross revenue or a per transaction charge.
- (3) Businesses, if any, within a segment to be assessed at a reduced rate, which may be set at zero, whether temporarily or permanently, because they do not sufficiently benefit from travel and tourism.
- (d) Nothing in this section shall preclude the advisory committee from setting the assessment rate for a business within a segment at a lower rate, which may be set at zero, than a rate applicable to other businesses within that segment if the advisory committee makes specific findings that the lower rate should apply due to unique geographical, financial, or other circumstances affecting the business.
- (e) The advisory committee members for each industry category, also referred to as a subcommittee, shall prepare a recommendation for the entire committee on how the items specified in subdivision (c) should be determined for the industry segments within their industry category. The recommendations shall not include a discussion of industry category levies, which shall be determined solely by the committee. In the event that the subcommittee cannot agree on one or more of the items specified in subdivision (c), no recommendation shall be given in that category. The recommendations shall be presented to the full committee, which shall address each of the items contained in subdivision (c).
- (f) In order to be assessed, an industry segment shall be defined with sufficient clarity to allow for the cost effective identification of assessed businesses within that segment.
- (g) It shall be the responsibility of the advisory committee to advertise widely the advisory committee process and to schedule public meetings for potential assessed businesses to provide input to the advisory committee.
- (h) The industry coalition bureau shall be asked to supply staff support to the county advisory committee. The Office of Tourism within the Technology, Trade, and Commerce Agency shall not be required to supply staff support to the advisory committee.

AB 1642 — 6 —

(i) (1) The advisory committee shall annually prepare, or cause to be prepared, a Los Angeles County Tourism Marketing Plan. The advisory committee may amend the plan at any advisory committee meeting. All expenditures by the advisory committee shall be consistent with the marketing plan.

- (2) The plan shall promote travel to and within Los Angeles County, and shall include, but need not be limited to, the following:
 - (A) An evaluation of the previous year's budget activities.
- (B) Review of state, county, and local tourism trends, conditions, and opportunities.
 - (C) Target audiences for tourism marketing expenditures.
 - (D) Marketing strategies, objectives, and targets.
 - (E) Budget for the current year.
- (3) In developing the plan, the county commission shall, to the maximum extent feasible, do both of the following:
- (A) Seek advice and recommendations from all segments of the county's travel and tourism industry and from all geographic regions of the county.
- (B) Harmonize, as appropriate, the plan with the travel and tourism marketing activities and objectives of the various industry segments and geographic regions.
- (j) The board of supervisors shall separately contract with the Los Angeles Convention and Visitors Bureau to serve as its administrative contractor in the promotion, implementation, and administration of the Los Angeles County Marketing Plan adopted by the advisory committee.
- 15372.204. Proceedings to establish a tourism marketing district shall be instituted by the adoption by the board of supervisors of a resolution of intention to establish the district. The resolution of intention shall do all of the following:
- (a) State that a tourism marketing district is proposed to be established pursuant to this article and describe the boundaries of the territory proposed to be included in the district. The boundaries of the district may be described by reference to a map on file in the office of the clerk, showing the proposed district.
 - (b) State the name of the proposed district.
- (c) State the type or types of activities proposed to be funded by the levy of assessments on businesses in the district.

— 7 — AB 1642

(d) State that, except where funds are otherwise available, an assessment will be levied annually to pay for all activities within the district.

- (e) State the proposed method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business.
- (f) State whether new businesses will be exempt from the levy of the assessment, pursuant to this article.
- (g) Fix a time and place for a public hearing on the establishment of the tourism marketing district and the levy of assessments, which shall be held not less than 20 or more than 30 days after the adoption of the resolution of intention.
- (h) State that at the hearing the testimony of all interested persons for or against the establishment of the district, the extent of the district, or the furnishing of specified types of activities will be heard. The notice shall also describe, in summary, the effect of protests made by business owners against the establishment of the district, the extent of the district, and the furnishing of a specified type of activity, as provided in this article.
- 15372.205. (a) Notice of a public hearing held pursuant to this article shall be given by both of the following:
- (1) Publishing the resolution of intention in a newspaper of general circulation in the county once, for at least seven days before the public hearing.
- (2) Mailing of a complete copy of the resolution of intention by first-class mail to each owner of a business in the district that will be subject to the assessment within seven days of the board of supervisor's adoption of the resolution of intention.
- (b) Notwithstanding subdivision (a), prior to adopting any new or increased assessment, the city council shall give notice pursuant to Section 54954.6 in lieu of publishing notice pursuant to paragraph (1) of subdivision (a).
- 15372.206. (a) At the public hearing, the board of supervisors shall hear and consider all protests against the establishment of the district, the extent of the area, or the furnishing of specified types of improvements or activities within the area. A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or

AB 1642 — 8 —

 sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made.

- (b) Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The board of supervisors may waive any irregularity in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing.
- (c) Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the county as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest that does not comply with this section shall not be counted in determining a majority protest.

15372.207. (a) If written protests are received from the owners of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than that 50 percent, no further proceedings to create the specified district or to levy the proposed assessment, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the board of supervisors.

- (b) If the majority protest is only against the furnishing of a specified type or types of activity within the district, those types of activities shall be eliminated.
- 15372.208. (a) At the conclusion of the public hearing to establish the district, the board of supervisors may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments.
- (b) At the public hearing, the board of supervisors may only make changes in, to, or from, the boundaries of the proposed district that will exclude territory that will not benefit from the proposed activities. However, proposed assessments may only be revised by reducing any or all of them.
- (c) The board of supervisors shall not change the boundaries of the district to include any territory that will not, in its judgment,

__9 __ AB 1642

benefit by the activity. Any addition of territory to the proposed boundaries of the district may be made only upon notice to the owners of the businesses proposed to be added to the district, as provided in this article, and upon a public hearing on the addition of territory, as provided in this article.

 15372.209. If the board of supervisors, following the public hearing, decides to establish the proposed district, it shall adopt a resolution to that effect. The resolution shall contain all of the following:

- (a) The number, date of adoption, and title of the resolution of intention.
- (b) The time and place where the public hearing was held concerning the establishment of the district.
- (c) A determination regarding any protests received at the public hearing.
- (d) The description of the boundaries of the district and of each separate benefit zone established within the district.
- (e) A statement that a district has been established and the name of the district.
- (f) A statement that the businesses in the district established by the resolution shall be subject to any amendments to this article.
- (g) The description of the method and basis of levying the assessments, with a breakdown by classification of businesses if a classification is used.
- (h) A statement that the activities to be provided in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the board of supervisors at the hearing concerning establishment of the district.
- (i) A finding that the businesses and the property within the district will be benefited by the activities funded by the assessments proposed to be levied and that only businesses that benefit from tourist visits may be assessed.
 - (j) The time and manner of collecting the assessments.
- 15372.210. (a) The board of supervisors may exempt a business recently established in the district from the levy of the assessments, for a period not to exceed one year from the date the business commenced operating in the district. The board of

AB 1642 — 10 —

 supervisors shall state its determination to so exempt new businesses in the resolution of intention to establish the district and shall reaffirm its determination annually in the resolution of intention required to be adopted pursuant to this article.

- (b) The board of supervisors shall exempt a business from the levy of the assessments if any of the following conditions are met:
- (1) The business is a travel agency or tour operator that derives less than 20 percent of its gross revenue from the travel and tourism occurring within the state.
- (2) The business is a small business with less than one million dollars (\$1,000,000) in total gross annual revenue in the state from all sources.
- (3) The business establishes by clear and convincing evidence that the activities authorized by this article are detrimental to the actual marketing or promotional activities of the business.
- (4) The business establishes by clear and convincing evidence that it does not receive a specific benefit from the activities authorized by this article.
- 15372.211. The collection of the assessments levied pursuant to this article shall be made at the time and in the manner set forth by the board of supervisors in the resolution establishing the district.
- 15372.212. (a) The advisory committee shall cause to be prepared a report for each fiscal year for which assessments are to be levied and collected to pay the costs of the activities described in the report. The report may propose changes, including, but not limited to, the boundaries of the district, the basis and method of levying the assessments, and any changes in the classification of businesses.
- (b) The report shall be filed with the clerk and shall refer to the district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, contain all of the following:
 - (1) Any proposed changes in the boundaries of the district.
 - (2) The activities to be provided for that fiscal year.
- (3) An estimate of the cost of providing the activities for that fiscal year.
- (4) The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.

— 11 — AB 1642

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

- (6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.
- (c) The board of supervisors may approve the report as filed by the advisory committee or may modify any particular contained in the report and approve it as modified. The board of supervisors shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments.
- 15372.213. (a) After the approval of the report, the board of supervisors shall adopt a resolution of intention to levy an annual assessment for that fiscal year. The resolution of intention shall do all of the following:
- (1) Declare the intention of the board of supervisors to change the boundaries of the district if the report filed pursuant to Section 15372.212 proposes a change.
- (2) Declare the intention of the board of supervisors to levy and collect assessments within the district for the fiscal year stated in the resolution.
- (3) Generally describe the proposed activities authorized by the resolution enacted pursuant to this article and any substantial changes proposed to be made to the activities.
- (4) Refer to the district by name and indicate the location of the district.
- (5) Refer to the report on file with the clerk for a full and detailed description of the activities to be provided for that fiscal year, the boundaries of the district, and the proposed assessments to be levied upon the businesses within the district for that fiscal year.
- (6) Fix a time and place for a public hearing to be held by the board of supervisors on the levy of the proposed assessment for that fiscal year. The public hearing shall be held not less than 10 days after the adoption of the resolution of intention.
- (7) State that at the public hearing written and oral protests may be made. The form and manner of protests shall comply with this article.
- (b) The clerk shall give notice of the public hearing by causingthe resolution of intention to be published once in a newspaper of

AB 1642 — 12 —

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general circulation in the county not less than seven days before the public hearing.

15372.214. (a) The board of supervisors shall hold the public hearing at the time and in the place specified in the resolution of intention. The public hearing shall be conducted as provided in this article. The board of supervisors may continue the public hearing from time to time, but the public hearing shall be completed within 30 days.

- (b) During the course or upon the conclusion of the public 10 hearing, the board of supervisors may order changes in any of the matters provided in the report, including changes in the proposed assessments, the proposed improvements and activities to be funded with the revenues derived from the levy of the assessments, and the proposed boundaries of the area and any benefit zones within the area. The board of supervisors shall not change the boundaries to include any territory that will not, in its judgment, benefit by the activity.
 - (c) At the conclusion of the public hearing, the board of supervisors may adopt a resolution confirming the report as submitted by the advisory committee, or may adopt a resolution continuing the activities and assessments as levied in the then current year without change, and that resolution shall constitute the levy of an assessment for the fiscal year referred to in the report. As an alternative, the board of supervisors may modify the report and adopt a resolution confirming the report as modified, but in that case the board of supervisors may adopt the resolution only after providing notice of the proposed changes as specified in this article and only after conducting a public hearing on the resolution as provided in this article.

15372.215. The assessments levied on businesses pursuant to this article shall be levied on the basis of the estimated benefit to the businesses within the district.

15372.216. The validity of an assessment levied under this article shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 15372.214. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

— 13 — AB 1642

15372.217. In addition to the changes authorized to be made in the annual report filed with the board of supervisors pursuant to Section 15372.212 or at the conclusion of the public hearing on the annual levy of the assessments, the advisory committee may, at any time, recommend that the board of supervisors modify the boundaries of the district, the basis and method of levying the assessments, and any activities to be funded with the revenues derived from the levy of the assessments. Any modification shall be made pursuant to this article.

- 15372.218. (a) The board of supervisors shall modify the basis and method of levying the assessment or the boundaries of the area by adopting a resolution after holding a public hearing on the proposed modification.
- (b) The board of supervisors shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not less than 20 or more than 30 days after the adoption of the resolution of intention. Notice of the public hearing shall be published and shall be mailed to each owner of a business affected by the proposed modification, as provided in this article. The public hearing shall be conducted as provided in this article.
- 15372.219. (a) The board of supervisors may modify the activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. Notice of the public hearing and the proposed modifications shall be published as provided in this article.
- (b) The public hearing shall be conducted as provided in this article.
- 15372.220. (a) The board of supervisors may disestablish a district by adopting an ordinance after holding a public hearing on the disestablishment, as provided in this section.
- (b) The board of supervisors shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the district. The public hearing shall be held not less than 20 or more than 30 days after the adoption of the resolution of intention.

AB 1642 — 14 —

Notice of the public hearing shall be published as provided in this article.

15372.221. (a) Upon the disestablishment of a district, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be refunded to the owners of the businesses then located and operating within the area in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the area is disestablished.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund. Notice of the disestablishment of an area shall be published once in a newspaper of general circulation in the city, not later than 15 days after the ordinance disestablishing the area is adopted.

All matter omitted in this version of the bill appears in the bill as introduced in the Assembly, February 21, 2003 (JR 11)